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TAGS: [EFIN](#) [ECON](#) [EINV](#) [PGOV](#) [PINR](#) [BR](#)
SUBJECT: BRAZIL: THE FINANCE MINISTRY'S NEW ECONOMIC POLICY
SECRETARY

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REF: A) Brasilia 0665 B) Brasilia 1036

[1](#)1. (SBU) Finance Minister Guido Mantega named Sergio Gomes de Almeida to be his Secretary for Economic Policy on May 22. Almeida filled the last policy-level vacancy in the Finance Ministry team left after Mantega's late-March appointment. A PhD economist and former executive director of the Institute for Industrial Development Studies (IEDI), Almeida replaced Bernard Appy, who moved up to serve as Executive Secretary (Vice-Minister equivalent). Almeida's portfolio focuses primarily on promoting the economic reform agenda necessary to achieve higher rates of sustainable growth. Due primarily to the political crisis sparked by recent scandals, his predecessor proved unable to move significant reforms through Congress. Almeida told visiting OPIC CEO Robert Mosbacher Jr. on June 7 that the Minister had asked him to focus in particular on how to make viable greater investment in infrastructure development and housing.

[1](#)2. (SBU) Almeida is the only senior appointee Mantega has brought to the Ministry who is publicly identified with the more interventionist school of economists in Brazil, centered at the University of Campinas in Sao Paulo state. This group is popularly referred to as the "desenvolvimentistas" (literally, the developmentalists). Almeida publicly has defended the promotion of industrial development through interest rate cuts. During a previous job at an industrial policy think tank, he oversaw publication of a study criticizing current exchange rate policy as a cause of the "collapse" of Brazilian export competitiveness.

[1](#)3. (U) Almeida is one of only two new faces appointed by Mantega to the senior-level Finance Ministry team. The other, Citibank and BNDES alum Carlos Kawall, replaced Joaquim Levy as Treasury Secretary. As noted above, Appy moved up to replace Executive

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Secretary Murilo Portugal. The rest of the team, including

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International Secretary Luiz Pereira, Revenue Secretary Jorge Rachid and Economic Monitoring Secretary Helcio Tokeshi, remained in place.

¶4. (SBU) Comment: While some initially saw Almeida's nomination as a sop to Sao Paulo industry or a worrisome sign of the rising influence in the GoB of the so-called developmentalists, Almeida does not fit easily into that mold. During his extensive discussion of Brazilian real estate markets with OPIC CEO Mosbacher, for example, Almeida freely acknowledged the GoB has strict budget constraints and said his emphasis was on finding ways to harness private sector energies to the task of infrastructure and housing development. Whatever his personal views, given political scandal, the World Cup and the ongoing presidential campaigns, Almeida likely will prove every bit as unsuccessful as his predecessor in getting major reforms through Congress prior to the inauguration of the new Administration in January 2007. End Comment.

ALMEIDA BIO INFORMATION

¶5. (U) Julio Sergio Gomes de Almeida is a 54-year-old economist from Rio de Janeiro. He holds a doctorate in economics from the Federal University of Campinas (Unicamp) in the state of Sao Paulo. Prior to serving at IEDI, he worked on the National Council for Space Research in the Ministry of Science and Technology. He also was member of the Committee for Industrial and Technology Policies at the National Confederation of Industries (CNI). Prior to that, Gomes de Almeida worked as a consultant for the National Social and Economic Development Bank (BNDES) as well as for the United Nations Development Program (UNDP). As IEDI Executive Director, Gomes de Almeida was known to be a critic of the Central Bank's monetary and exchange rate policy. It was under his coordination that IEDI published a study titled "The Collapse of Export Competitiveness", which emphasized exporter losses due to the strong Real.

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